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 UNITED STATES OF AMERICA

18
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 CENTRAL DISTRICT OF CALIFORNIA
 20 WESTERN DIVISION

21 UNITED STATES OF AMERICA,)
 22)
 23 Plaintiff,)
 24)
 25 v.)
 26)
 27 AMERICAN HONDA FINANCE)
 CORPORATION,)
 28)
 Defendant.)

No. 2:21-cv-07738

[PROPOSED] CONSENT ORDER

1 **CONSENT ORDER**

2 **I. INTRODUCTION**

3 1. This Consent Order (“Order”) resolves the allegations contained in the
4 United States’ Complaint that Defendant American Honda Finance Corporation
5 (“AHFC”) violated the Servicemembers Civil Relief Act (“SCRA”), 50 U.S.C. § 3901,
6 *et seq.*, by failing to fully refund, on a pro rata basis, lease amounts – in the form of
7 capitalized cost reduction (“CCR”) from vehicle trade-in value – paid in advance by
8 servicemembers who lawfully terminated their motor vehicle leases upon receipt of
9 qualifying military orders. *See* 50 U.S.C. § 3955(f).

10 2. Specifically, the United States contends that, while AHFC provided
11 servicemembers pro rata refunds of the CCR paid in cash, it did not refund any portion
12 of the CCR derived from vehicle trade-in credits. AHFC disputes this contention.

13 3. CCR is an up-front monetary amount credited to the lessee of a motor
14 vehicle based on the lessee’s payment of cash, trade in of another motor vehicle, or
15 receipt of a rebate or other credit provided by the lessor. CCR operates to reduce the
16 capitalized cost (which includes the vehicle’s agreed-upon value, as well as other
17 attendant costs) that forms the basis for calculating the lessee’s future monthly lease
18 payments. Therefore, CCR operates to reduce the lessee’s future monthly lease payment
19 amount. AHFC disputes these contentions.

20 4. AHFC contends that CCR does not constitute a lease amount paid in
21 advance as contemplated by the SCRA, 50 USC § 3955(f), as it is not paid for a period
22 after the effective date of the lease. Rather, AHFC contends it is a payment in the form
23 of a down payment, retained by the motor vehicle dealer and no part of which is paid to
24 or received by AHFC. AHFC further contends that its prior practice of refunding CCR
25 amounts paid in cash, which was in effect since 2016, was appropriate under the SCRA
26 and resulted in refunds to servicemembers not otherwise entitled to such payments. The
27 United States disputes these contentions.

1 5. AHFC is a California corporation, administered from, and with a principal
2 place of business at, 1919 Torrance Boulevard, Torrance, California.

3 6. AHFC has cooperated fully with the United States' investigation in this
4 matter.

5 7. This Order covers all lease terminations for leases entered into by, or
6 assigned to, AHFC, or any subsidiaries, predecessors, acquired companies, or successor
7 entities.

8 8. The United States and AHFC (collectively, the "Parties") agree that the
9 Court has jurisdiction over the subject matter of this case pursuant to 28 U.S.C. § 1331,
10 28 U.S.C. § 1345, and 50 U.S.C. § 4041.

11 9. The Parties agree, and the United States believes, that it is in the public's
12 best interest, that the claims against AHFC should be resolved amicably and without
13 further proceedings. Therefore, as indicated by the signatures appearing below, the
14 Parties agree to the entry of this Order.

15 10. AHFC neither admits nor denies any of the factual allegations or statements
16 of law in the United States' Complaint. To avoid the delay, uncertainty, and expense of
17 protracted litigation, and in consideration of the mutual promises and obligations set
18 forth below, the Parties agree and covenant to the following material terms and
19 conditions:

20 11. The effective date of this Order will be the date on which it is approved and
21 entered by the Court.

22 It is hereby ORDERED, ADJUDGED and DECREED:

23 **II. INJUNCTIVE RELIEF¹**

24 12. AHFC and its affiliates or subsidiaries, and its officers, employees, agents,
25 and representatives are hereby required, when a servicemember terminates a motor
26 vehicle lease pursuant to 50 U.S.C. § 3955, to refund, on a pro rata basis, lease amounts

27
28 ¹ Nothing in this Consent Order shall preclude AHFC from offering greater
protections to servicemembers than those afforded by the Consent Order or the SCRA.

1 paid in advance in the form of CCR from cash and vehicle trade-in credit in a manner
2 consistent with this Order.

3 **III. COMPLIANCE WITH THE SCRA**
4 **AND SCRA POLICIES AND PROCEDURES**

5 13. AHFC has modified its policies and procedures for motor vehicle lease
6 terminations to address the concerns raised by the United States' allegations. Within
7 thirty (30) calendar days of the effective date of this Order, AHFC shall send to the
8 United States its SCRA policies and procedures for motor vehicle lease terminations in
9 compliance with Section 3955 of the SCRA, 50 U.S.C. § 3955. These policies and
10 procedures – which apply to AHFC and AHFC's agents – must include the following
11 provisions:

- 12 a. permitting servicemembers to terminate their motor vehicle leases
13 where:
- 14 i. the lease is executed by or on behalf of a person who thereafter and
15 during the term of the lease enters military service under a call or
16 order specifying a period of not less than 180 days (or who enters
17 military service under a call or order specifying a period of 180 days
18 or less and who, without a break in service, receives orders extending
19 the period of military service to a period of not less than 180 days),
20 see 50 U.S.C. § 3955(b)(2)(A);
 - 21 ii. the lessee, while in military service, executes a lease and thereafter
22 receives military orders for a permanent change of station from a
23 location in the continental United States to a location outside the
24 continental United States or from a location in a state outside the
25 continental United States to any location outside that state, see 50
26 U.S.C. § 3955(b)(2)(B)(i);
 - 27 iii. the lessee, while in military service, executes a lease and thereafter
28 receives military orders to deploy with a military unit, or as an

1 individual in support of a military operation, for a period of not less
2 than 180 days see 50 U.S.C. § 3955(b)(2)(B)(ii); or

3 iv. the lessee dies or incurs a catastrophic injury or illness (in this case,
4 the spouse of the lessee may terminate the lease within one year after
5 the death or catastrophic injury or illness), see 50 U.S.C. §
6 3955(a)(3)-(4);

7 b. accepting terminations of leases by delivery to AHFC or AHFC's
8 agent of written notice of termination and a copy of military orders (to
9 include any notification, certification, or verification from the
10 servicemember's commanding officer), or other document prepared
11 exclusively by a branch of the military or the Department of Defense
12 demonstrating that the lessee is eligible for lease termination under 50
13 U.S.C. § 3955(b)(2), including by hand delivery, private business
14 carrier, U.S. Mail, e-mail, or text message, and return of the motor
15 vehicle to AHFC or AHFC's agent;

16 c. permitting eligible servicemembers to terminate their motor vehicle
17 leases at any time after their entry into military service under the
18 circumstances set forth in subparagraph (a)(i), or the date of their
19 qualifying military orders as set forth in subparagraph (a)(ii) and
20 (a)(iii), see 50 U.S.C. § 3955(a)(1);

21 d. setting the effective date of the lease termination as the date on which
22 the servicemember has completed both delivery of the notice of
23 termination and return of the vehicle to AHFC or AHFC agent, see 50
24 U.S.C. § 3955(d)(2);

25 e. limiting any charges that must be paid upon termination to those
26 permitted by Section 3955(e)(2) of the SCRA;

27 f. refunding, within 30 days after the effective date of termination, all
28 lease amounts paid in advance (including vehicle trade-in value applied

1 as CCR) for a period after the effective date of termination, see 50
2 U.S.C. § 3955(f), calculated consistent with this Order. The amount to
3 be refunded shall be at least the amount calculated consistent with the
4 formula described in Paragraph 22 of this Order (including all
5 deductions therein); and

- 6 g. designating customer service representatives who have been
7 specifically trained on the protections of the SCRA with respect to
8 motor vehicle leases and are responsible for the intake of and response
9 to servicemembers' inquiries regarding the SCRA. AHFC shall have a
10 telephone number and designated website at which servicemembers
11 may reach a designated SCRA customer service representative, who
12 will address questions or concerns regarding the SCRA. AHFC shall
13 also include a page on its website detailing eligibility for, and relief
14 provided by, the SCRA, and providing the telephone number and
15 website link to obtain SCRA relief or raise questions or concerns
16 regarding such relief.

17 14. Within thirty (30) calendar days of the effective date of this Order, AHFC
18 shall develop enhanced SCRA Policies and Procedures for Providing SCRA Interest
19 Rate Relief in their motor vehicle lending lines of business. The Policies and Procedures
20 shall contain the following provisions:

- 21 a. AHFC shall accept servicemembers' notice of military status pursuant
22 to the SCRA made via facsimile, United States Postal Service First-
23 Class Mail (postage pre-paid), overnight mail, or electronically.
- 24 b. When AHFC receives written notice (as described above in
25 subparagraph (a)), from a servicemember of military status pursuant to
26 the SCRA, within sixty (60) calendar days, it shall review all the
27 servicemember's loans, regardless of type of obligation, and it shall
28

1 determine the servicemember's eligibility for interest² rate relief
2 pursuant to the SCRA on all loans. If the servicemember is determined
3 to be eligible, the relief will be applied retroactively to the first day of
4 eligibility.

5 c. Within thirty (30) calendar days after determining a servicemember's
6 eligibility for interest rate relief pursuant to the SCRA, AHFC shall
7 notify the servicemember in writing³ of its determination. If AHFC
8 grants relief, AHFC shall notify the servicemember in writing of the
9 specific terms of the relief provided. If AHFC denies relief, AHFC
10 shall also notify the servicemember in writing of the reason(s) for the
11 denial, and it shall ensure that such servicemember is given an
12 opportunity to provide additional documentation or information to
13 establish eligibility for relief pursuant to the SCRA.

14 d. In the event that a servicemember gives AHFC notice of military status
15 pursuant to the SCRA, but fails to provide a copy of military orders
16 entitling him or her to the relief, AHFC shall search the DMDC to
17 confirm eligibility. If the DMDC records provide dates of service that
18 confirm eligibility, AHFC shall provide the relief required by the
19 SCRA for the dates indicated by the DMDC and shall notify the
20 servicemember that the servicemember may submit additional
21 documentation to establish eligibility dates if the servicemember
22 disagrees with the dates provided by the DMDC. If the DMDC records
23 do not confirm eligibility, AHFC may deny the relief if it informs the

24
25 ² Under Section 3937 of the SCRA, "interest" includes "service charges, renewal
26 charges, fees, or any other charges (except bona fide insurance) with respect to an
obligation or liability." 50 U.S.C. § 3937(d)(1).

27 ³ For all written notices to servicemembers required by the Order, AHFC shall use
28 either: (1) the email address or mailing address set forth in the servicemember's most
recent communication with AHFC; or (2) if the most recent communication does not
contain the servicemember's mailing or email address, the servicemember's current
mailing address in AHFC's servicing records.

1 servicemember in writing that he or she is not eligible for the relief
2 unless he or she provides a copy of documents establishing military
3 service and requests that the servicemember provide such documents.
4 Such documents will include any document prepared exclusively by a
5 branch of the military, the Department of Defense, or a borrower's
6 commanding officer that indicates that the borrower is on active duty,
7 and includes a date on which the individual was or will be in military
8 service (e.g., active duty orders, enlistment orders, change of station
9 orders, DD-214 forms, travel orders, letters from commanding officers,
10 etc.). If the servicemember provides the required documents to
11 determine eligibility, AHFC will re-evaluate the denial of benefits
12 within the periods set forth in Paragraphs 14(b) and (c).⁴

- 13 e. AHFC shall not require that any military order submitted have a
14 specific end date for the period of military service. AHFC also shall
15 not require that any military order submitted specify the date upon
16 which the servicemember first entered active duty for this period of
17 service, as long as it includes a date on which the individual was or
18 will be in military service, which date shall be determinative of the
19 date upon which eligibility for benefits under the SCRA begins unless
20 additional military orders provided by the servicemember or the
21 DMDC establishes an earlier eligibility date.
- 22 f. AHFC shall provide SCRA interest rate relief beginning on the earliest
23 eligible date provided in the orders or as provided by the DMDC
24 website. However, if the earliest date provided indicates that the
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27 ⁴ If a qualifying document is received and does not specify the date upon which
28 the servicemember first entered active duty for this period of service, AHFC may rely
upon the date of the qualifying document as the date upon which servicemembers'
eligibility for benefits begins unless additional military orders provided by the
servicemember or the DMDC establishes an earlier eligibility date.

1 servicemember was on active duty at the time of loan origination,
2 AHFC shall notify the servicemember and provide the servicemember
3 a reasonable opportunity to provide documentation showing that the
4 servicemember was not on active duty at the time of loan origination.

5 g. AHFC shall be permitted to discontinue interest rate relief granted
6 pursuant to the SCRA only after AHFC searches the DMDC and the
7 DMDC reports that the servicemember is not in military service (or in
8 any SCRA-protected period after the termination of military service).⁵
9 AHFC shall notify the servicemember in writing of the
10 discontinuation, and it shall ensure that such servicemember is given
11 an opportunity to provide additional documentation or information to
12 reestablish eligibility for relief pursuant to the SCRA. AHFC may
13 choose to provide relief for a longer period than is required by this
14 subparagraph.

15 15. No later than thirty (30) calendar days after the effective date of this Order,
16 AHFC shall provide a copy of its SCRA policies and procedures in accordance with
17 Paragraphs 13 and 14 to counsel for the United States.⁶ The United States shall respond
18 to AHFC's SCRA policies and procedures within forty-five (45) calendar days of
19 receipt. If the United States objects to any part of AHFC's policies and procedures, the
20 Parties shall confer to resolve their differences. If the Parties cannot resolve their
21 differences after good faith efforts to do so, either Party may bring the dispute to this
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23 ⁵ In the case where an SCRA-protected servicemember provides AHFC with valid
24 military orders that include an end date of military service inconsistent with that
25 appearing on the DMDC website, AHFC shall not discontinue the relief until the latter of
the two end dates has expired or it obtains confirmation from the borrower that he or she
has ended military service.

26 ⁶ All notices and materials required by this Order to be sent to counsel for the
27 United States shall be sent by private business carrier (non-USPS) delivery service
28 addressed as follows: Chief, Housing & Civil Enforcement Section, Civil Rights
Division, United States Department of Justice, 150 M Street, N.E., Washington, DC
20002, Attn: DJ 216-12C-11, or as otherwise directed by the United States.
Correspondence may also be sent via electronic mail to the U.S. Department of Justice,
care of the undersigned counsel for the United States.

1 Court for resolution. AHFC shall begin the process of implementing any required
2 changes to its SCRA policies and procedures within ten (10) calendar days of approval
3 by the United States, if not previously implemented.

4 16. If, at any time during the term of this Order, AHFC proposes to materially
5 change its SCRA policies and procedures, it shall first provide a copy of the proposed
6 changes to counsel for the United States. If the United States does not deliver written
7 objections to AHFC within forty-five (45) calendar days of receiving the proposed
8 changes, the changes may be implemented. If the United States makes any objections to
9 the proposed changes within the forty-five (45)-day period, the specific changes to which
10 the United States objects shall not be implemented until the objections are resolved
11 pursuant to the process described in Paragraph 15.

12 **IV. TRAINING**

13 17. Within forty-five (45) calendar days of the United States' approval of the
14 SCRA policies and procedures pursuant to Paragraph 15, AHFC shall provide to the
15 United States the curriculum, instructions, and any written materials included in the
16 training required by Paragraphs 18 and 19. The United States shall have forty-five (45)
17 calendar days from receipt of these documents to raise any objections to AHFC's
18 training materials, and, if it raises any, the Parties shall confer to resolve their
19 differences. If the Parties cannot resolve their differences after good faith efforts to do
20 so, either Party may bring the dispute to this Court for resolution.

21 18. AHFC shall provide SCRA compliance training to any employees who: (a)
22 provide customer service to lessees in connection with their motor vehicle leases, or (b)
23 have significant involvement in motor vehicle leasing, including the ability to terminate
24 motor vehicle leases for servicemembers, within forty-five (45) calendar days after
25 AHFC's training program is approved by the United States pursuant to Paragraph 17.
26 AHFC shall provide to each covered employee: (a) training on the terms of the SCRA
27 with respect to the interest rate benefit and lease terminations; (b) training on AHFC's
28

1 SCRA policies and procedures (both those required pursuant to Paragraph 13 and 14,
2 and all others adopted by AHFC) specific to the employee's responsibilities associated
3 with that employee's position; (c) training on the terms of this Order; and (d) the contact
4 information for the SCRA customer service representatives described in Paragraph
5 13(g). AHFC shall also follow these training procedures for any employee who
6 subsequently becomes a covered employee within thirty (30) calendar days of his or her
7 hiring, promotion, or transfer.

8 19. During the term of this Order, AHFC shall provide annual SCRA training,
9 with the same content as described in Paragraph 18, to covered employees with respect
10 to their responsibilities and obligations under the SCRA, AHFC's SCRA policies and
11 procedures, and this Order.

12 20. The covered employees may undergo the training required by Paragraphs
13 18 and 19 via live training, computer-based training, web-based training, or interactive
14 digital media or any combination. If the training is conducted in any format other than
15 live training, AHFC shall ensure that covered employees have the opportunity to have
16 their questions answered by a company contact that AHFC identifies as having SCRA
17 expertise within five (5) business days of the training. Any expenses associated with the
18 training program required by Paragraphs 18 and 19 shall be borne by AHFC.

19 21. AHFC shall secure a signed statement or electronic certification from each
20 covered employee at the training required by Paragraphs 18 and 19 acknowledging that
21 he or she has received, read, and understands AHFC's SCRA policies and procedures
22 specific to the employee's responsibilities associated with the loan being serviced, has
23 had the opportunity to have his or her questions about these documents answered, and
24 agrees to abide by them. For the duration of this Order, copies of those signed
25 statements shall be provided to the United States upon request. AHFC shall also certify
26 in writing to counsel for the United States that the covered employees successfully
27 completed the training required by Paragraphs 18 and 19.
28

V. COMPENSATION

22. AHFC and the United States have reviewed accounts for which AHFC permitted early lease termination pursuant to the SCRA from July 1, 2014 to the present. AHFC shall refund to the lessees on these accounts the following amounts (to the extent not already refunded):

- a. Non-CCR lease amounts paid in advance for a period after the effective date of the termination of the lease⁷; and
- b. CCR amounts, less the amount of any:
 - i. manufacturer rebates or other rebates and incentives offered by AHFC, an individual dealer, insurer, governmental entity, or other third party, or other credits not based on a cash payment or trade-in value;
 - ii. payoff of negative equity or prior lease balance amounts by the originating automobile dealer or other third party, to the extent included in the gross capitalized cost;
 - iii. payment for maintenance or other vehicle- or lessee-protection agreements, to the extent included in the gross capitalized cost, if the servicemember is entitled to obtain a refund upon lease termination for unused periods covered by such agreements pursuant to state law or other agreement;
 - iv. acquisition fee paid and included in the gross capitalized cost; and
 - v. tax, title and license fee included in the gross capitalized cost.

AHFC shall refund CCR amounts on a pro rata basis by: (a) multiplying the CCR amount subject to refund (i.e., after subtracting the amounts in subparagraphs (b)(i)-(v)) by the amount of time remaining in the lease term at termination, (b) dividing the

⁷ As used in this sub-part, such payments are specifically limited to the periodic or monthly payments identified in the lease agreements and paid in advance of termination. When a lease termination occurs in the middle of a payment period, a refund must be provided on a *pro rata* basis.

1 product by the total lease term, and then (c) subtracting (i) any monthly or other periodic
2 payments incurred prior to the date of termination that remain unpaid, (ii) any reasonable
3 charges for excess wear and mileage that remain unpaid, and (iii) any refund of CCR
4 amounts provided by AHFC within thirty (30) days after the effective date of the
5 termination of the lease.⁸

6 23. AHFC shall compensate the individual lessees covered by this Order by
7 providing: (1) a refund of the amount calculated pursuant to Paragraph 22, plus interest,
8 as calculated pursuant to 28 U.S.C. § 1961; and (2) an additional payment of indirect
9 damages in the amount of \$500, or three times the amount calculated pursuant to
10 Paragraph 22, whichever is larger. AHFC is not, however, required to provide any
11 compensation to individual lessees for whom the amount calculated pursuant to
12 Paragraph 22 is less than \$25. The compensation described in subsection (1) shall be
13 distributed equally among the lessees (including non-servicemember co-lessees) named
14 on the lease. The compensation described in subsection (2) shall be paid entirely to the
15 servicemember (or servicemembers). In cases where AHFC has already taken remedial
16 actions with respect to a lease termination, DOJ has considered such remedial actions
17 and agreed to allow AHFC to adjust the compensation awarded to the servicemember or
18 co-lessee.

19 24. AHFC must deliver payment to each servicemember and co-lessee, except
20 for those servicemembers and co-lessees currently residing in Oregon, in the amount
21 calculated pursuant to Paragraphs 22-23 within forty-five (45) days of the effective date
22 of this Order.

23 25. All compensation checks may include the phrase “Settlement in Full” in the
24 memorandum section. All compensation checks shall be accompanied by a copy of a
25 letter (the form of which is to be approved in advance by DOJ) explaining that cashing
26

27 ⁸ AHFC shall not seek to collect any amounts deducted pursuant to this Paragraph
28 – or any interest, late fees, penalties, or other charges related thereto – from the
servicemember.

1 or endorsing the check releases all claims related to the alleged SCRA Section 3955(f)
2 violations described in the complaint.

3 26. For servicemembers and co-lessees currently residing in Oregon, AHFC
4 shall send a Release in the form attached as Exhibit A within forty-five (45) days of the
5 effective date of this Order. Within thirty (30) days of receiving a properly executed
6 copy of the Release at Exhibit A, AHFC shall issue and mail a compensation check to
7 the servicemember or co-lessee in the amount calculated pursuant to Paragraphs 22-23.

8 27. AHFC shall exercise reasonable best efforts in attempting to provide
9 compensation to servicemembers and co-lessees as required by this Order. AHFC shall
10 promptly skip trace and redeliver or reissue any payment or notification that is returned
11 as undeliverable, or that is not deposited, cashed, or returned within three (3) months of
12 the date the initial payment is sent pursuant to Paragraphs 25-26.

13 28. Servicemembers and co-lessees shall have six (6) months after issuance to
14 cash or deposit their compensation checks. During the term of this Order, AHFC shall,
15 upon the request of a servicemember or co-lessee entitled to compensation, or upon the
16 request of the counsel for the United States, reissue any checks that are not cashed or
17 deposited prior to their expiration.

18 29. Every six (6) months for a period of eighteen months following the mailing
19 of notices to those who are entitled to compensation, AHFC shall provide the DOJ with
20 an accounting of all releases received, checks issued, checks cashed or deposited
21 (including check copies), credit entries updated, and notifications without responses or
22 that were returned as undeliverable.

23 30. In no event shall the aggregate paid to aggrieved servicemembers pursuant
24 to this Order exceed a total of one million five hundred eighty-five thousand eight
25 hundred and three dollars and eighty-nine cents (\$1,585,803.89).

26 31. No individual may obtain review by the Parties of the identifications made,
27 and payments disbursed (including the amounts thereof), pursuant to Paragraphs 18-27.
28

1 **VI. OTHER RELIEF**

2 32. Within ninety (90) days of the effective date of this Order, AHFC must
3 request that all three major credit bureaus remove negative entries for the
4 servicemember(s) and any co-lessee(s) attributable to non-payment of any amounts that
5 were due and unpaid at the time of lease termination⁹ that would have been paid if the
6 unrefunded CCR had been applied to the arrearages.

7 **VII. PAYMENT TO THE UNITED STATES TREASURY**

8 33. Within thirty (30) calendar days of the effective date of this Order, AHFC
9 shall pay a total of \$64,715 to the United States Treasury pursuant to 50 U.S.C. §
10 4041(b)(3) and 28 C.F.R. 85.5. The payment shall be in the form of an electronic funds
11 transfer pursuant to written instructions to be provided by the United States.

12 **VIII. ADDITIONAL REPORTING AND RECORD-KEEPING REQUIREMENTS**

13 34. For the duration of this Order, AHFC shall retain all records relating to its
14 obligations hereunder, including its records with respect to all leases for which a
15 servicemember has sought a lease termination and all records relating to compliance
16 activities as set forth herein. The United States shall have the right to review and copy
17 any such records, including electronic data, upon reasonable request during the term of
18 this Order.

19 35. During the term of this Order, AHFC shall notify counsel for the United
20 States in writing every six (6) months, beginning six (6) months after the effective date
21 of this Order, of receipt of any SCRA or military-related complaint during the preceding
22 six (6) months claiming a violation of, or claiming a failure to properly extend benefits
23 under, the SCRA by AHFC. AHFC shall provide a copy of any written complaints with
24 the notification. Defendant will incorporate into its SCRA Policies and Procedures a
25 requirement that all customer service personnel, upon receiving any oral SCRA
26

27 ⁹ See 50 U.S.C. § 3955(e)(2) (“any taxes, summonses, title and registration fees, or
28 other obligations and liabilities of the lessee in accordance with the terms of the lease,
including reasonable charges to the lessee for excess wear or use and mileage, that are
due and unpaid at the time of termination of the lease shall be paid by the lessee”).

1 complaint, shall notify individuals designated and trained to receive SCRA complaints
2 pursuant to Paragraph 13(g). Whether regarding a written or oral SCRA complaint, the
3 notification to the United States shall include the full details of the complaint, including
4 the complainant's name, address, and telephone number, and the full details of all
5 actions AHFC took to resolve the complaint. AHFC shall also promptly provide the
6 United States all information it may request concerning any such complaint. If the
7 United States raises any objections to AHFC's actions, the parties shall meet and confer
8 to consider appropriate steps to address the concerns raised by the United States' review.
9 If the parties are unable to come to an agreement regarding such objections or concerns,
10 either Party may bring the dispute to this Court for resolution.

11 **IX. SCOPE OF CONSENT ORDER**

12 36. The provisions of this Order shall apply to AHFC and any of its
13 subsidiaries, predecessors, acquired companies, or successor entities. It shall also apply
14 to the officers, employees, agents, representatives, assigns, successors-in-interest, and all
15 persons and entities in active concert or participation with all of those entities, including
16 with respect to any leases they serviced from July 1, 2014 to the effective date of this
17 Order.

18 37. In the event that AHFC is acquired by or merges with another entity, AHFC
19 shall, as a condition of such acquisition or merger, obtain the written agreement of the
20 acquiring or surviving entity to be bound by any obligations remaining under this Order
21 for the remaining term of this Order.

22 38. This Order releases claims for violations of Section 3955(f) of the SCRA
23 alleged in the Complaint through the effective date of this Order. This Order does not
24 release any other claims that may be held or are currently under investigation by any
25 federal agency against AHFC or any of its affiliated entities.

26 39. Nothing in this Order will excuse AHFC's compliance with any currently or
27 subsequently effective provision of law or order of a regulator with authority over AHFC
28 that imposes additional obligations on it.

1 40. The parties agree that, as of the effective date of this Order, litigation is not
2 “reasonably foreseeable” concerning the matters described above. To the extent that
3 either party previously implemented a litigation hold to preserve documents,
4 electronically stored information (ESI), or things related to the matters described above,
5 the party is no longer required to maintain such litigation hold. Nothing in this
6 Paragraph relieves either party of any other obligations imposed by this Order.

7 **X. MODIFICATIONS, ATTORNEY’S FEES AND COSTS, AND REMEDIES**
8 **FOR NON-COMPLIANCE**

9 41. Any time limits for performance imposed by this Order may be extended by
10 the mutual written agreement of the parties.

11 42. The parties shall be responsible for their own attorney’s fees and costs,
12 except as provided for in Paragraph 43.

13 43. The parties shall endeavor in good faith to resolve informally any
14 differences regarding the interpretation of and compliance with this Order prior to
15 bringing such matters to the Court, for resolution. However, in the event the United
16 States contends that there has been a failure by Defendant, whether willful or otherwise,
17 to perform in a timely manner any act required by this Order or otherwise comply with
18 any provision thereof, the United States may move the Court to impose any remedy
19 authorized by law or equity, including, but not limited to, an order requiring the
20 performance of such act or deeming such act to have been performed, and an award of
21 any damages, costs, and attorney’s fees which may have been occasioned by
22 Defendant’s violation or failure to perform. In the event the United States reasonably
23 believes AHFC has failed to comply with any provision of this Order, the United States
24 will provide AHFC with written notice of its concerns, and AHFC shall have thirty (30)
25 days from the date of receipt of such notice to cure the alleged breach or request a meet
26 and confer to resolve any disagreement as to the validity of the claimed failure.

XI. RETENTION OF JURISDICTION

44. This Order shall be in effect for a period of three (3) years from the date of entry. The Court shall retain jurisdiction for the duration of this Order to enforce its terms, after which time this case shall be dismissed with prejudice. The United States may move the Court to extend the duration of this Order in the interests of justice.

SO ORDERED, this ____ day of _____, 2021.

UNITED STATES DISTRICT JUDGE

1 The undersigned hereby apply for and consent to the entry of the Order:

2 For the United States of America:

3
4 Dated: September 29, 2021

5 MERRICK B. GARLAND
6 Attorney General

7 KRISTEN CLARKE
8 Assistant Attorney General
9 Civil Rights Division

TRACY L. WILKISON
Acting United States Attorney

10 /s/ Sameena Shina Majeed
11 SAMEENA SHINA MAJEED
12 Chief, Housing and Civil Enforcement
13 Section

/s/ David M. Harris
DAVID M. HARRIS
Chief, Civil Division

14 /s/ Elizabeth A. Singer
15 ELIZABETH A. SINGER
16 Director, U.S. Attorneys' Fair
17 Housing Program

/s/ Karen P. Ruckert
KAREN P. RUCKERT
Chief, Civil Rights Section

18 /s/ Alan A. Martinson
19 ALAN A. MARTINSON
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Attorneys for Plaintiff
UNITED STATES OF AMERICA

1 For Defendant American Honda Finance Corp.:

2 Dated: September 29, 2021

3
4 /s/ John C. Redding

5 John C. Redding

6 Kathleen Benway

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EXHIBIT A

RELEASE

Pursuant to the Consent Order resolving the United States’ allegations in *United States v. American Honda Finance Corp.*, Case No. CV 21-07738 (C.D. Cal.), that American Honda Finance Corporation (“AHFC”) violated the Servicemembers Civil Relief Act, and in consideration of AHFC’s payment to me of \$ [AMOUNT], I, [LESSEE’S NAME], hereby release and forever discharge all claims, arising prior to the date of this Release, related to the facts at issue in the litigation referenced above and related to the alleged violation of Section 3955(f) of the Servicemembers Civil Relief Act, that I may have against AHFC and all related entities, parents, predecessors, successors, subsidiaries, and affiliates and all of its past and present directors, officers, agents, managers, supervisors, shareholders, and employees and its heirs, executors, administrators, successors or assigns.

Executed this _____ day of _____, 202_.

SIGNATURE: _____

PRINT NAME: _____